GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1123
ANSWERED ON:21.07.2017
Linking of PAN and Aadhaar
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Will the Minister of FINANCE be pleased to state:

(a) the number of PAN Card holders in the country till date;

(b) whether the Government has made mandatory to link PAN with Aadhaar to file Income Tax Return, if so, the details thereof and objective behind the move;

(c) the number of taxpayers who have already linked their Aadhaar with PAN;

(d) whether the Government has made any provision to help people to file income tax return who do not have Aadhaar but have got enrolment number and those facing difficulties in linking the same, if so, the details thereof along with the deadline set for linking; and

(e) whether any court orders standing in this regard and persons are liable to face criminal consequences for non-linking of PAN with Aadhaar card, if so, the details thereof along with the other steps taken by the Government to bring more and more people to file income tax return and protect the account holders/assesses form harassment at the hand of taxmen?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE:

(a) Total number of PANs allotted is 32,41,51,967 (as on 17.07.2017).

(b) Vide Finance Act, 2017, section 139AA has been introduced in the Income-tax Act, 1961 ('Act'). As per the provisions of this section, every person who is eligible to obtain Aadhaar number shall, on or after the 1st day of July, 2017, quote Aadhaar number or Enrolment ID of Aadhaar application form in the return of income and PAN application form. To mitigate the difficulties likely to arise to some section of taxpayers, vide notification number 37/2017, bearing S.O.1513(E), it has been notified that the provisions of section 139AA shall not apply to an individual who does not possess the Aadhaar number or the Enrolment ID and is:-
(i) residing in the States of Assam, Jammu and Kashmir and Meghalaya;
(ii) a non-resident as per the Income-tax Act, 1961;
(iii) of the age of eighty years or more at any time during the previous year;
(iv) not a citizen of India.

The objective behind this move is to achieve uniqueness and de-duplication of PAN. Under the existing system of PAN, only demographic data is captured. Instances are found where multiple PANs have been allotted to one person or one PAN has been allotted to multiple persons. Linkage of Aadhaar number into PAN database will allow a robust way of de-duplication as Aadhaar number is based on biometric attributes. Further seeding of Aadhaarwith PAN will allow the Income-tax Department to weed out the undetected duplicate PANs. It will also facilitate resolution of cases of one PAN allotted to multiple persons.

(c) Number of authenticated Aadhaar linked to PAN is 8,19,75,341(as on 17.07.2017).

(d) Section 139AA(1) provides that where a person does not possess the Aadhaar number, the Enrolment ID of Aadhaar application form issued at the time of enrolment shall be quoted in the return of income.Simplified online process of linking(and making necessary corrections, if required) have been put in place to make the procedure easy.

(e) The proviso to section 139AA(2) of Act provides that in case of failure to intimate the Aadhaar number, the PAN allotted to the person shall be deemed to be invalid and the other provisions of the Act shall apply, as if the person had not applied for allotment of PAN. However, Hon'ble Supreme Court videorder dated June 9, 2017, in WRIT PETITION (CIVIL) NO. 247 OF 2017, has held that those assessee who are not Aadhaar card holders and do not comply with provisions of section 139AA(2) of the Act, their PAN cardswill not be invalid.

In the last Financial Year, extensive use has been made of tools such as data mining and data analytics to widen the tax base due to which substantial number of taxpayers were added. To reduce undue harassment of taxpayers in course of assessment proceedings, some of the measures are:-
i. eliminating discretion of Assessing officer in process of selection of case for scrutiny;
ii. In a large number of cases in scrutiny basket, enquiries are made on identified limited issues;
iii. E-assessment process has been formalised under Income Tax Business Administration (ITBA) module.